

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6913

BILL NUMBER: SB 511

NOTE PREPARED: Jan 2, 2013

BILL AMENDED:

SUBJECT: Mortgage Release By Title Insurance Companies.

FIRST AUTHOR: Sen. Zakas

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill allows a title insurance company, or an officer or agent of a title insurance company, on behalf of a mortgagor or a person who acquired from the mortgagor a lien against all or part of the property described in a mortgage, to record a certificate of release in the real property records of each county in which the mortgage is recorded if the company, officer, or agent has not received an objection to the recording of the certificate of release from the: (1) mortgagee; or (2) mortgage servicer or mortgage servicer's successor in interest.

The bill allows the company, officer, or agent to use any recording fee the company, officer, or agent collected for the: (1) recording of the certificate of release; or (2) satisfaction of the mortgage; to record the certificate of release.

The bill provides that a certificate of release must contain: (1) a statement that the payoff amount of the mortgage was an amount of not more than \$1,000,000 instead of a statement that the mortgage was in the original principal amount of not more than \$1,000,000; and (2) a statement that the mortgagee or mortgage servicer provided a written payoff statement that was used to make payment in full of the unpaid balance of the loan secured by the mortgage.

The bill provides that if a receipt of payment has been issued under a lender's written payoff statement: (1) the receipt of payment constitutes authority for a title insurance company, or an officer or agent of a title insurance company, to record a certificate of release; and (2) the company, officer, or agent may not be required to search the public record for a possible recorded satisfaction or release of the mortgage.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues: Under current law, a county recorder assesses a fee of \$3 for each mortgage recorded. The fee is paid to the county treasurer at the end of each month, with \$0.50 of the fee collected being deposited in the county Recorder's Record Perpetuation Fund. The remaining \$2.50 is transferred to the Auditor of State. The Auditor of State deposits \$1.25 in the state General Fund and \$1.25 in the Homeowner's Protection Unit Account. Current law also provides for additional fees depending on the specification of the document being recorded.

This bill states that if certain conditions are met, an officer or an agent of a title insurance company may use the recording fee the company collected for recording the certificate of release or satisfaction of the mortgage. This will not have any impact on the recording fee received by the state and local funds.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Auditor of State.

Local Agencies Affected: County treasurers.

Information Sources:

Fiscal Analyst: Randhir Jha, 232-9556.